



SINGLE STOCK FUND

Review of SSF GOWG Decisions



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Background:

- 1st Phase of SSF (MS1) encompasses current AWCf Stock at the depots, installation DOL, Corps Rx
- 1st Phase scheduled for Implementation FY01 (Adjusted by SSF GOWG, Dec 98, from FY00 to FY01)
- 2nd Phase of SSF (MS2) encompasses O&M Retention Boxes
 - Campaign Plan calls for FY01 Implementation
- December SSF GOWG did not adjust Milestone 2 date when Milestone 1 was adjusted from FY00 to FY01

Issue:

- Request for Decision on Milestone Consolidation Presented to the 30-31 Mar 99 GOWG



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- What are the Key Enablers to Implement Milestone 2 in FY01? -

Credit/Prices: Adjustment for Increased Inventory & Sales as a result of moving Corps & Theater O&M Retention Stocks into SSF

Resource Tail - O&M Retention Stocks: Consistency with RFG - Identification of Supply & Maintenance Resources that support Retention Stocks

Information Technology: What are the IT complexities associated with Milestone 2?

Policy: Capitalization of corps and theatre retention stocks in AWCF
All GS/RX repair is AWCF
Stay within credit authority (Schedule 3) for the FY 00 budget

Shared Risk: Compensation for Reduced Flexibility



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Policy Enablers to Merge Milestones

- Would require direction from DA DCSLOG and ASA (FM&C) to capitalize inventory (transfer from O&M to AWCF) and execute the Campaign Plan
- GS/RX AWCF Maintenance -- Restate Policy
- Stay within credit authority (Schedule 3) for for the FY 00 budget
- DRMO policy-No withdrawing from DRMO

Who	When
ASA(FM&C) & DCSLOG 1999	NLT May 30,
DCSLOG	Summer 1999
ASA(FM&C) in co-op with MACOMs	NLT BES Lock
DCSLOG	In Staffing



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Addressing Shared Risk: Several initiatives to address reduced flexibility due to elimination of Retail Stock Funds

	99	00	01
* Increased BASOPS SPT	89 % %	95 %	95
* Increased RPM	64 % %	77 %	78
* Elimination of TRM Z Lines to account for loss of flexibility	□□□□□ ✓ □		
* Proposed price reduction to offset loss of retention inventory	□□□ ? □□□□□□ ? □		
* Automatic RPI consideration for all items with 0% credit			



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- *Approved Actions* -

- Combine MS 1 and MS 2 and implement on 1 Oct 00
- Adjust the stock, store and issue related manpower in the BES, if necessary
- Move forward with the required policy changes



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Backup Slides



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Credit/Price: What are the Options?

- Re-run NSN-by-NSN credit values to revise what is/is not creditable

or

- Adjust prices to reflect increased sales volume

AMC Position?

- Adjust prices in consonance with expected procurement & repair offsets (Use AMSAA analysis as projection of expected benefits (Mar 99)).

- Rationale To adjust credit would cause a “one-time” O&M spike that will level out with time. This approach precludes a one time spike in OPTEMPO requirements.

**For the
BES**

- Timeline AMC would recalculate prices, Run OSMIS/TPM to meet BES timelines - Input NLT May

Use GOWG as decision forum (30-31 March)

**Addressing
the Shared
Risk**



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Retention Stocks Implementing MS2 is less complex than Milestone 1

- MS1 - - □ 85 AWCF SARSS Boxes
- MS2 - - □ 30 Retention Boxes
- MS3 - - □ 265 AWCF Boxes

Total □ 380 Boxes

- **No Financial Conversion Required since Financial Inventory Accounting (FIN) not required in O&M**
- **Stock can be “picked up” - capitalized into AWCF-SMA**

Issue: Inventory of O&M Stock Required

FIA

Use of a formal accounting system to integrate required quantitative stock record and monetary accounting (chpt. 16 DEAS Ind Reg 37-1)



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O&S Resource Table **Do we transfer support resources to manage retention stocks?**

Issues

efforts

Did not ask for MS 2 data in RFG
Field will contend large retention stock
resourced with "savings"

What are the Options

supply data to Army
use to make resource
adjustments, if necessary, in the BES

Field provided additional
March 99. Could

Issue is Size
of FMMC,
Europe
Operation -
Fixed MPR
for the
Operation

and Europe

Leave resourcing As Is - O&M retention
boxes not a big issue; FMMC
stocks not significant

Use RFG & FY 01 BES Instructions for data
to assess situation--change BES

AMC Position
in

Leave resourcing as is for FY01; Address
FY02 POM would require MOA/MOUs/or
Policy Direction from DCSLOG



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Information Technology The difficult issues are in Milestone 1 & 3.

Milestone 1	Milestone 2	Milestone 3
<ul style="list-style-type: none">• Systems Changes• Middleware Development• Business Rules for “fixed” Stocks• Financial Conversion Requirements	<ul style="list-style-type: none">• Same• Same• Same• None Required.	<ul style="list-style-type: none">• Deployable Issues Expanded• Business Rules• Large Fielding Requirements• Communications Requirements May Increase• May need Additional Systems Changes

Bottom Line: Automation Issues Not the “Long Pole In The Tent”



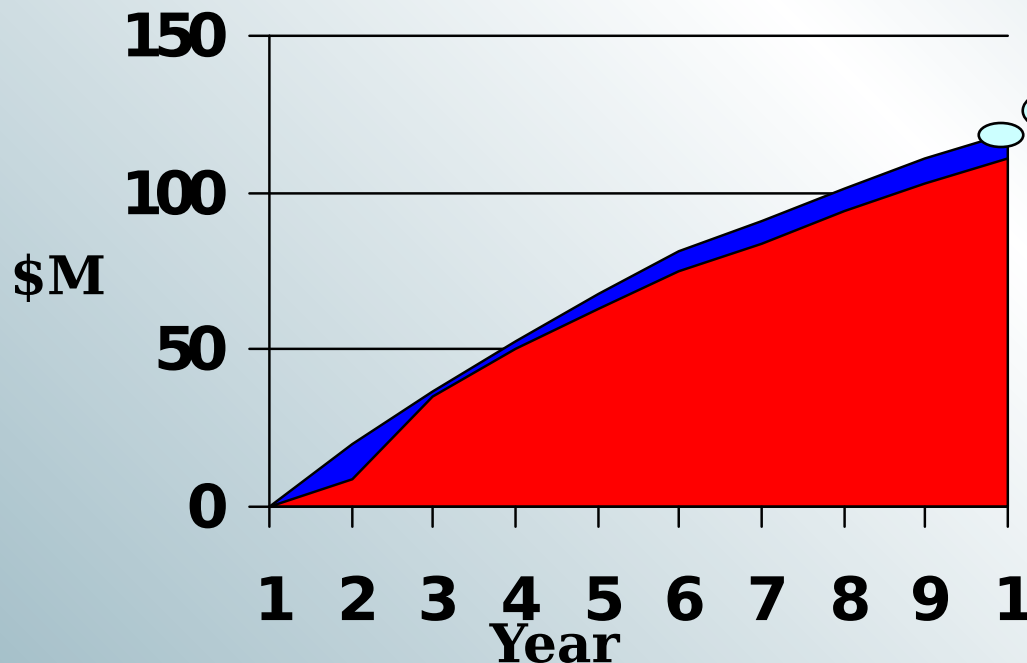
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Savings from Concurrent SSF

MS1/MS2

Cumulative Savings for Procurement & Repair Offsets from Redistribution of Assets Above RO**

(holding costs and optimal RO not considered)



Concurrent MS1/MS2
Increases Savings by
\$8M

SSF MS1 Assets* =
\$96M

SSF MS2 Assets =
\$108M
Concurrent

MS1 w/ MS2
one year later

*assets above RO

**25% recurring excess, 10% after yr 4